

**BEFORE THE TAX COMMISSION OF THE STATE OF IDAHO**

In the Matter of the Protest of	)	
	)	DOCKET NO. 20210
[REDACTED],	)	
	)	DECISION
Petitioner.	)	
_____	)	

On October 11, 2006, the staff of the Tax Discovery Bureau of the Idaho State Tax Commission issued a Notice of Deficiency Determination to [Redacted] (taxpayer) proposing additional income tax, penalty, and interest for the taxable year 2003 in the total amount of \$425.

On November 21, 2006, the taxpayer filed a timely appeal and petition for redetermination. The taxpayer did not respond to the Tax Commission's hearing rights letter and has provided nothing further for the Tax Commission to consider. The Tax Commission, having reviewed the file, hereby issues its decision.

The taxpayer timely filed his 2003 Idaho individual income tax return. The Tax Commission received information from the Internal Revenue Service (IRS) that a change was made to the taxpayer's 2003 federal income tax return. The information showed that the taxpayer did not report all of his income. The Tax Discovery Bureau (Bureau) reviewed the taxpayer's Idaho return and determined the same income was omitted on his Idaho return. The Bureau adjusted the taxpayer's Idaho return and sent him a Notice of Deficiency Determination.

The taxpayer protested the Bureau's determination stating that he reported his unemployment compensation and that he was unaware of any other wages in 2003. The taxpayer provided a copy of the W-2 wage statement he had and copies of both his Idaho and federal income tax returns. The taxpayer stated the Bureau gave him no explanation about the additional wages, so he had no idea who the other employer was.

The Bureau acknowledged the taxpayer's protest and explained the discrepancies between the return he filed and the information the Tax Commission received from the IRS. The taxpayer did not respond to the Bureau's letter, so the Bureau referred the matter for administrative review.

The Tax Commission sent the taxpayer a letter that discussed the methods available for redetermining a protested Notice of Deficiency Determination. The taxpayer did not respond. Therefore, the Tax Commission decided the matter based upon the information available.

The taxpayer's income tax return reported wages from [Redacted] in the amount of \$15,327 and unemployment compensation in the amount of \$1,500. The information the Tax Commission received from the IRS showed the taxpayer also received wages from [Redacted] in the amount of \$2,637.98 and unemployment compensation from the Idaho Department of Labor in the amount of \$3,598.

In its acknowledgement of the taxpayer's protest, the Bureau identified the omitted wages and further explained the additional unemployment compensation. The taxpayer believed the Bureau's adjustment was the full amount of unemployment compensation he received. Therefore, he thought the correct adjustment should be far less since he already reported \$1,500 on his income tax return.

The Tax Commission finds it odd that the taxpayer only reported \$1,500 of unemployment compensation on his income tax return. It is odder still that the taxpayer believed the Bureau's adjustment to the unemployment compensation was the total amount of unemployment compensation he received. Apparently, the taxpayer had no idea what the total amount of unemployment compensation was that he received. The taxpayer either lost the 1099 he received from the Idaho Department of Labor, or he did not receive the 1099 and guessed at

the amount of unemployment compensation he received when he filed his return. Nevertheless, the taxpayer's return did not report the total unemployment compensation paid to him.

Other than his apparent lack of knowledge regarding his unemployment compensation, the taxpayer has provided nothing to show the Bureau's deficiency determination was incorrect. The taxpayer has not met his burden of proof. Parsons v. Idaho State Tax Commission, 110 Idaho 572, 574-575 n.2, 716 P.2d 1344, 1346-1347 n.2 (Ct. App. 1986). Therefore, the Tax Commission upholds the Bureau's adjustments to the taxpayer's taxable income.

However, in its determination of the taxpayer's Idaho tax liability, the Bureau neglected to credit the taxpayer for additional withholdings he had on the wages omitted from his return. Therefore, the Tax Commission included the additional withholdings and modified the taxpayer's tax deficiency.

The Bureau added interest and penalty to the taxpayer's tax liability. The Tax Commission reviewed those additions and found them appropriate and in accordance with Idaho Code sections 63-3045 and 63-3046, respectively.

WHEREFORE, the Notice of Deficiency Determination dated October 11, 2006, is hereby MODIFIED, in accordance with the provisions of this decision and, as so modified, is APPROVED, AFFIRMED, and MADE FINAL.

IT IS ORDERED and THIS DOES ORDER that the taxpayer pay the following tax, penalty, and interest:

<u>YEAR</u>	<u>TAX</u>	<u>PENALTY</u>	<u>INTEREST</u>	<u>TOTAL</u>
2003	\$ 291	\$ 15	\$ 66	\$ 372

Interest is computed to September 1, 2007.

DEMAND for immediate payment of the foregoing amount is hereby made and given.

An explanation of the taxpayer's right to appeal this decision is enclosed.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 2007.

IDAHO STATE TAX COMMISSION

\_\_\_\_\_  
COMMISSIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on this \_\_\_\_\_ day of \_\_\_\_\_, 2007, a copy of the within and foregoing DECISION was served by sending the same by United States mail, postage prepaid, in an envelope addressed to:

[REDACTED]

Receipt No.

\_\_\_\_\_